

# Virginia Viewpoint

May 2, 2001 • No. 2001-3

## Chicken Little Was Wrong

By Stephen Moore

### Summary

The reason doomsayers have always been wrong is that they fundamentally misunderstand the productive potential of markets and the historical failure of command and control economies. Markets are smart; governments are dumb.

Main text word count: 1036

***The declinists who wrote the Global 2000 Report were wrong because they failed to understand how market forces work. If commodities become more scarce, their prices increase. This would encourage exploration, technological innovation, and conservation, which would lead to greater supplies of these commodities in the future.***

The Place: Earth, a desolate planet slowly decaying of its own accumulating follies. Half the forests are gone; sand dunes spread where fertile lands once lay. Nearly 2 million species of plants, birds, insects, and animals have vanished. Yet man is propagating so fast that his cities have grown as large as nations of a century before.

No, the above isn't taken from Stephen King's latest freaky horror novel. Nor is it from a long lost episode of *The Twilight Zone*, or from the latest Star Wars prequel. In fact it is not science fiction at all. It is real life. Or check that. It is how the left 20 years ago imagined we would be living today.

The passage comes from a *Newsweek* description of the blockbuster U.S. Government report called "Global 2000," issued in Jimmy Carter's last year in office. It was one of the most influential and expensive (tax funded of course) environmental documents ever published. It was President Carter's going away gift to the nation and the world: a 1600 page ode to the misery and malaise of the era over which he had presided.

Overall, the "Global 2000 Report" painted a picture of a world that would become more crowded and more polluted, and where natural resources would become increasingly scarce. The report was treated by the press with great reverence. *The New York Times* gushed that Global 2000, "presents so immediate a challenge to worldwide political stability and American economic security that leaders must recognize it as a priority issue."

Global 2000 was a regurgitation of the conventional gloom of the times. A few years before the Club of Rome had published its famous primal scream: "The Limits to Growth." That cheery report explained to a world audience that lifeboat earth had become so weighted down with humans that we were running out of food, minerals, forests, water, energy, and, well, just about everything on which we depend for survival. It was all pretty depressing. Enough to make us want to join the chorus of that era: "Stop the Planet! I want to get off."

Well, here we are at the close of the second millennium and ... the sky has not fallen. As a recent issue of *The American Spectator* reports, the intervening 20 years have shown that most of the pessimistic predictions were erroneous. For instance, Global 2000 projected the Earth would exhaust its supply of silver, zinc, mercury, sulfur, and fluorine by the year 2000. However, there are currently thousands of tons of these commodities on reserve, and no shortages are in sight.

The declinists who wrote the Global 2000 Report were wrong because they failed to understand how market forces work. If commodities become more scarce, their prices increase. This would encourage exploration, technological innovation, and conservation, which would lead to greater supplies of these commodities in the future. A good example of this occurred with oil. When oil prices skyrocketed

*continued*

during the 1970s, some private firms learned to use energy more efficiently, while others developed innovative methods of accessing untapped reserves. For instance, some oil companies developed a means of drilling oil from the floor of the ocean that many people had previously thought impossible. The end result was increasing supplies of oil and lower prices at the gas pump for everyone. We now use half as much energy per dollar of GDP than we did 25 years ago.

Even with the recent price spikes in oil, the price would have to soar to \$80 a barrel and about \$4 a gallon at the pump to match its 1970s high. Global 2000 predicted that oil would approach \$100 a gallon by 2000.

Some of the predictions made by the Global 2000 crowd seem almost comical today. Global 2000 predicted that centrally planned economies such as those in the USSR and Eastern Europe would have GNP growth rates that approach those of market oriented countries including the United States and those in Western Europe. Even more remarkably, the Carter Administration forecasted that the communist nations would enjoy substantially larger increases in food and grain production than industrialized countries of the West. Within 10 years of the Global 2000 report, the Soviet Union collapsed and Eastern European countries were abandoning collectivism in favor of market economies.

On no issue were the doomsayers more inaccurate than predicting the future of food output. Global 2000 said that increases in the demand for food would increase prices by 100 percent. Instead, improvements in agriculture have increased per capita food production by roughly 25 percent since the mid 1970s. Real food prices have not risen, they have fallen dramatically. The Cato Institute's analysis that examined over 18 food commodities showed that the price of each fell relative to both the consumer price index and the prevailing manufacturing wage during the past 20 years.

At the time of the publication of Global 2000, two of the 20<sup>th</sup> century's greatest futurologists, the late Herman Kahn and the late Julian Simon, issued their own report called "The Resourceful Earth." Simon and Kahn wrote that every prediction by Global 2000 would be proven wrong. Simon and Kahn correctly predicted the increase in food production, the decline in pollution, the fall in commodity prices, and the increase in life expectancy of the past 20 years. Why were they right and the doomsayers so wrong? Because Simon and Kahn understood the key insight of human history: that people are resource creators, not resource destroyers.

What is fortunate is that in 1981 the incoming Reagan administration thoroughly disregarded every pessimistic prediction and command and control recommendation of the Global 2000 Report. Where Global 2000 sought more energy controls, Reagan deregulated oil and natural gas, and the energy crisis ended. Where the declinists wanted huge funding increases for population control, Reagan defunded many of these governmental programs and argued correctly that capitalism is the best form of contraception.

The lesson of the past 20 years, in sum, is that freedom and free markets create a world of abundance and affluence. Chicken Little was wrong. The sky isn't falling. When it comes to protecting our environment, the only real shortage is common sense.

#####

**(Stephen Moore, author of *It's Getting Better All the Time: 100 Greatest Trends of the Last 100 Years*, is a member of the Board of Governors of the Virginia Institute for Public Policy, an education and research organization headquartered in Potomac Falls, Virginia. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliations are cited.)**

***The lesson of the past 20 years, in sum, is that freedom and free markets create a world of abundance and affluence. Chicken Little was wrong. The sky isn't falling. When it comes to protecting our environment, the only real shortage is common sense.***

#### **Attention Editors and Producers**

Virginia Viewpoint commentaries are provided for reprint in newspapers and other publications. Authors are available for print or broadcast interviews. Electronic text is available at [www.VirginiaInstitute.org](http://www.VirginiaInstitute.org) or on disk. Please contact:

John Taylor  
Virginia Institute for Public Policy  
20461 Tappahannock Place  
Potomac Falls, Virginia  
20165-4791

Phone: (703) 421-8635  
Fax: (703) 421-8631

[www.VirginiaInstitute.org](http://www.VirginiaInstitute.org)  
[JTaylor@VirginiaInstitute.org](mailto:JTaylor@VirginiaInstitute.org)

**Virginia  
Institute**  
for Public Policy